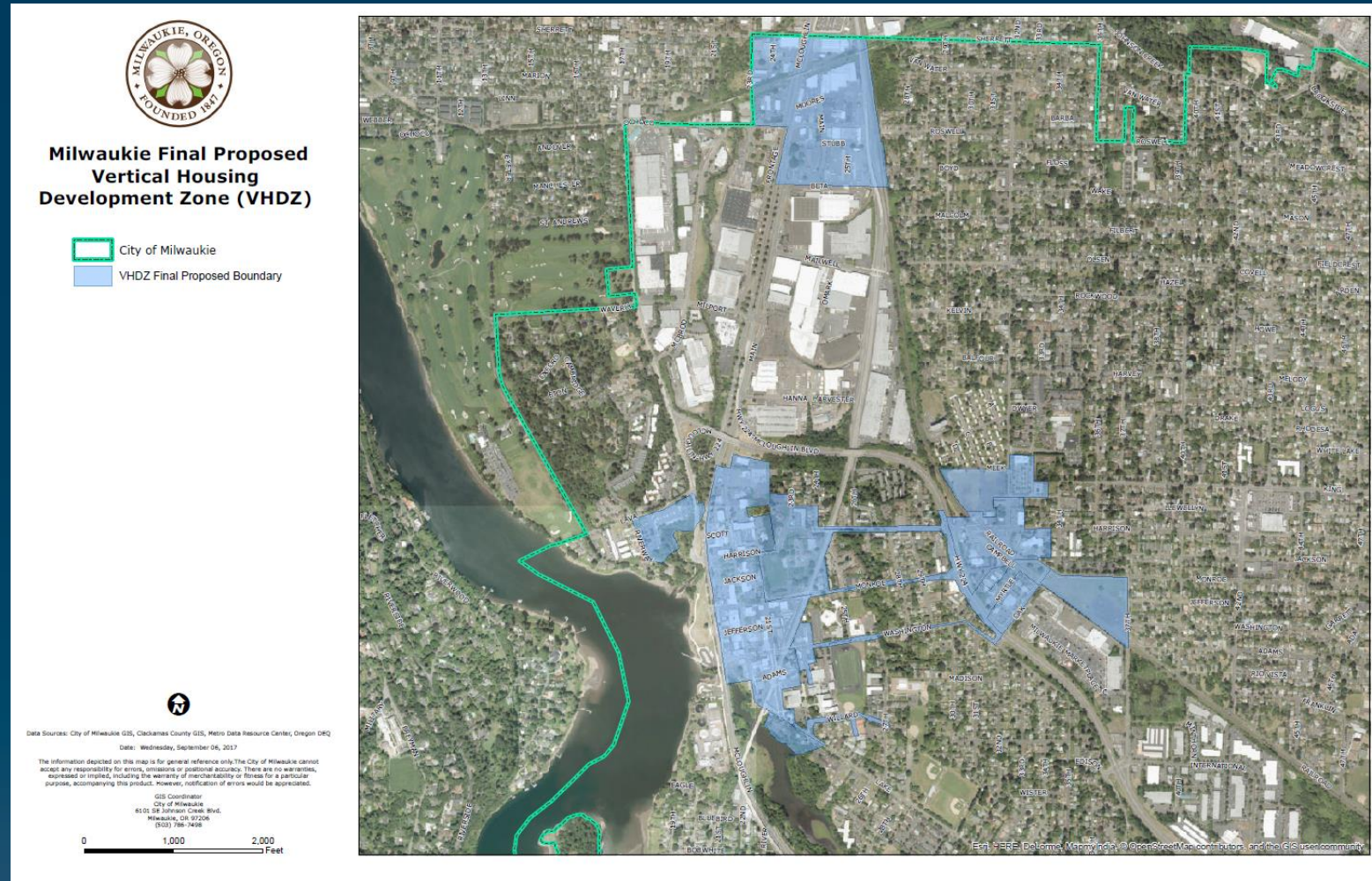




Vertical Housing Development Zone Program Fees

City Council, November 21, 2017

Vertical Housing Development Zone Boundary



Establish VHDZ Program Fees



A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, ESTABLISHING FEES FOR THE VERTICAL HOUSING DEVELOPMENT ZONE PROGRAM.

WHEREAS, the City Council adopted Ordinance No. _____ on December 5, 2017, adopting Chapter 3.65 – Vertical Housing Development Zone (VHDZ) Program, encouraging development of residential mixed uses within Downtown, Central Milwaukie and Tacoma Station Area – Mixed Use area, adopting local criteria for the program and a sunset provision; and

WHEREAS, Ordinance No. _____ provides for the establishment of a monitoring charge; and

WHEREAS, the City Council desires to set VHDZ fees for local implementation of the program; and

Now, Therefore, be it Resolved that the City of Milwaukie establishes fees for the VHDZ program as follows:

- Application Fee – \$500 (Collected at the time of initial application.)
- Application Processing and Monitoring Fee – 0.0003% of total permit valuation for market rate residential units (Collected at the time of final application following certificate of occupancy.)
- Application Processing and Monitoring Fee – 0.0002% of total permit valuation for projects with at least 50% of all units as low-income residential units (Collected at the time of final application following certificate of occupancy.)

Introduced and adopted by the City Council on _____.

This resolution is effective on _____.

Mark Gamba, Mayor

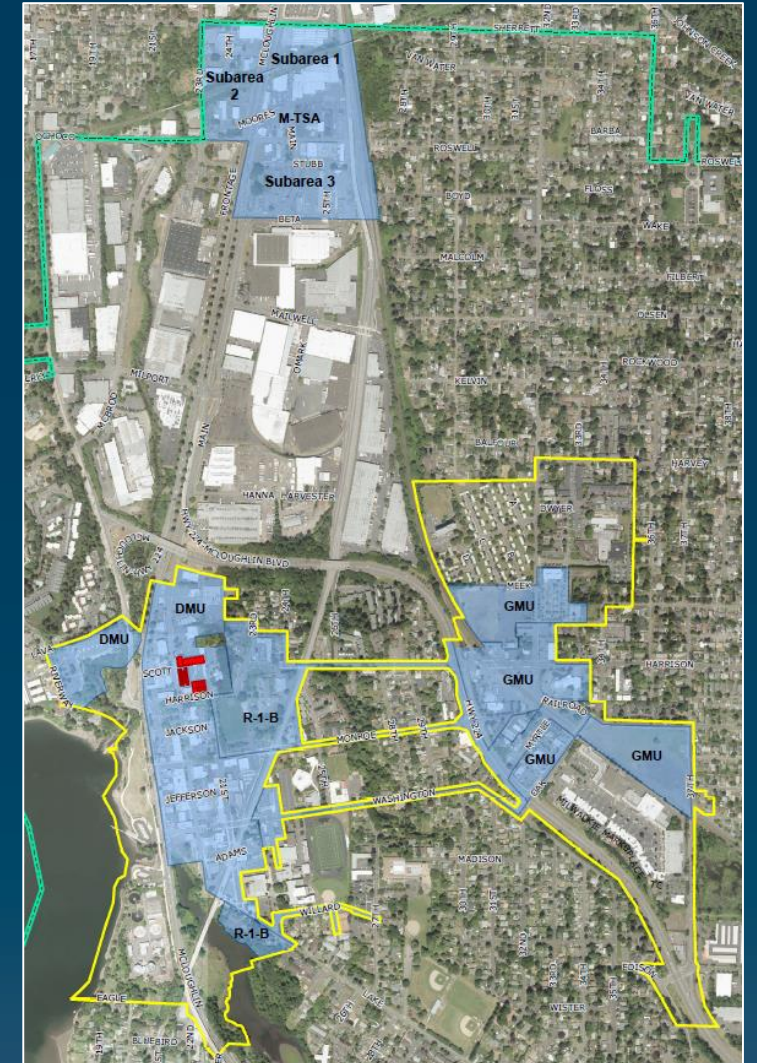
ATTEST:

APPROVED AS TO FORM:
Jordan Ramis PC

- State Statute allows for a project monitoring fee paid by the project applicant to the City at the time of project application, or as otherwise directed by the City, to cover the City's actual and anticipated costs of monitoring and otherwise addressing compliance by the Certified Project with program requirements, without limitation ORS 307.841 to 307.861 and other applicable law.
- The City may consider factors including but not limited to the following in determining the amount of this monitoring fee:
 - Size of the project
 - Number of residential housing units
 - Amount of commercial space, including any live-work units
 - Level and amount of staff or other services involved
 - Use of supplies, equipment or fuel
 - Number of separate sites and/or buildings

Establish VHDZ Program Fees

- Oregon Housing and Community Services Fees as of October 2017:
 - Application Processing Charge – \$550
 - Project Monitoring Charge for market rate residential – \$150
 - Project Monitory Charge for a mix of market and low-income residential units – \$200
- Proposed City of Milwaukie Fees beginning January 2018:
 - Application Fee - \$500
 - Application Processing and Monitoring fee – 0.0003% of total permit valuation for market rate residential units
 - Application Processing and Monitoring Fee – 0.0002% of total permit valuation for projects with at least 50% of all units as low-income residential units



City Council Request

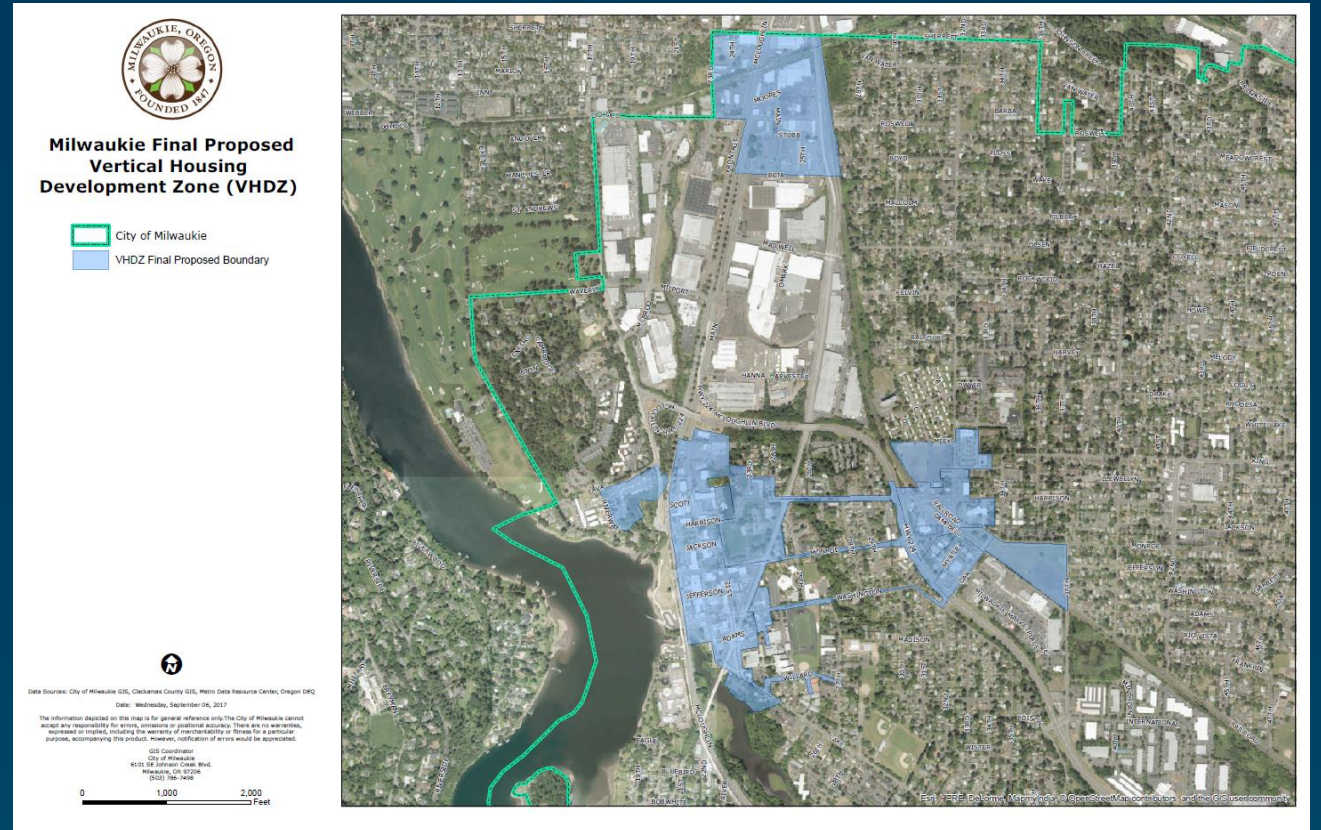
Consider a Resolution at the December 5, 2017 Regular Session establishing fees for the Vertical Housing Development Zone program

Options:

- A. Establish the proposed VHDZ application processing and monitoring fees to help cover the inherited costs of administering a new program at the local level.
- B. Modify the proposed fees.
- C. Elect not to establish fees associated with the administration and implementation of the program.

Vertical Housing Development Zone

Questions?





Vertical Housing Development Zone Program Fees

City Council, November 21, 2017

Potential Impact

	North Main Village*	Future Example: Coho Point
Approximate Project Cost	\$14 million	\$30 million at 80%
Property Tax Prior to New Development	\$13,000/year	\$0 for past 10 years
Average Annual Tax Revenue During Abatement	\$21,000/year	\$24,600/year
Average Incremental Tax Abated	\$20,000/year	\$98,400/year
Estimated Total Annual Tax Revenue After Abatement	\$41,000/year	123,000/year

*Example does not include figures for the North Main Apartments which are still under abatement as part of the VHDZ program.

Zone Analysis

	Proposed Boundary	Proposed within URA
Number of Parcels	591	324
Land Value	\$102M	\$78M
Building Value	\$251M	\$193M
Acres	245	173

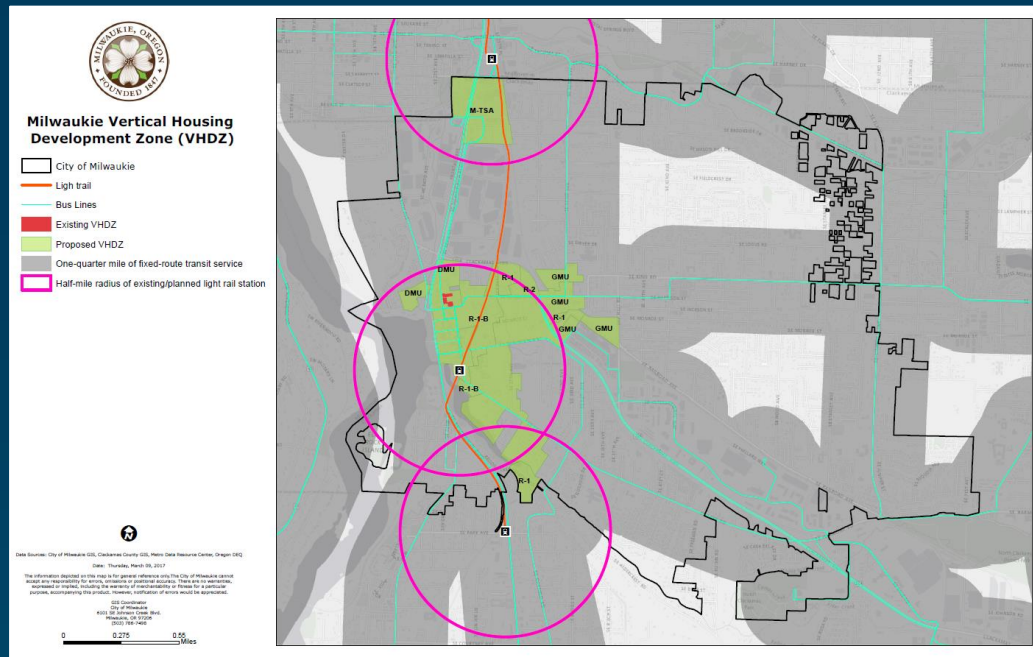
What is a Vertical Housing Zone?

- Allows for a 10-year tax abatement on new buildings up to 20% per floor for mixed-use projects
 - Abatement cannot exceed 80% of the value of the new building
- After 10 years, full value of the project is placed on the tax rolls
- Property taxes on existing land, and at least 20% of the new construction, are preserved



Source: Photo from OregonLive.com

Program Details



- Projects certified through State
- Tax abatements are applied only to the value of the building, not the land
 - An additional partial property tax exemption on the land may be given if some or all of the residential housing is designated as affordable housing
- Zone must be in a qualifying area, consistent with State criteria, defined as:
 - Completely comprised by the core area of an urban center,
 - Entirely within one-half mile radius of existing/planned light rail station,
 - Entirely within one-quarter mile of fixed-route transit service, and
 - Contains property for which land-use comprehensive plan and implementing ordinances effectively allow “mixed-use” with residential.
- Each project is provided abatement for a maximum 10-years
- Abatement applies to all taxing jurisdictions unless they opt out

Application Process

1. Jurisdiction applies to OHCS for creation/expansion of Zone (or by ordinance or resolution post SB 310)
2. Eligible projects within the Zone apply for partial tax exemption
 - a. City staff to work closely with applicants and establish local criteria as desired by City Council



Source: Photo from OregonLive.com

Case Study – North Main Village



Source: Photo from oregonmetro.gov

Potential Future Impact



Source: 4th Main Apartments, Hillsboro, OR, photo from Apartment Finder